



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

January 31, 2006

CERTIFIED RETURN RECEIPT
7002 0510 0003 8603 2427

Star Stone Quarries, Inc.
Lon Thomas
4040 South 300 West
Salt Lake City, Utah 84107

Subject: Five-Year Review of Reclamation Surety Estimate, Star Stone Quarries, Inc., Rosebud Mine, M/003/026, Box Elder County, Utah

Dear Mr. Thomas:

Thank you for providing the information requested for the five-year review of the Cotton Thomas Operations. The Division finds based on the information reviewed along with a site visit, that the only changes required for the reclamation cost estimate is a five-year escalation. The surety escalated to the year 2011 is \$75,100. A Surety Estimate Update is attached for your use. Please provide the updated surety within 60 days or no later than March 31, 2006.

The request to add additional acreage to the permit area was received with the maps for this review, received January 30, 2005. The request is denied because it is a separate permitting action and should be requested as an application to amend the plan. A copy of the form MR-REV is available on the Division's website.

The current surety is in the form of surety bond. Please contact your agent to discuss what action must be taken to increase the dollar amount of the existing bond. You may also contact the Division Minerals Surety Coordinator, Beth Ericksen at (801) 538-5318 to answer questions and discuss bonding details and requirements for Division approval. To further assist you, please visit our website at www.nr.utah.gov to view bonding forms and obtain additional information about process, terms, conditions, and bond requirements.

Page 2
Lon Thomas
M/003/026
January 31, 2006

If you are unable to provide the surety within this timeframe, please contact the Division with justification for requesting additional time. Thank you for your help in keeping the surety current. If you have any questions concerning this letter, please contact Doug Jensen at (801) 538-5382.

Sincerely,



Susan M. White
Mining Program Coordinator
Minerals Regulatory Program

SMW:jb

Attachment: Surety estimate update

cc: Mike Ford, BLM, State Office (UTU-77761)
Doug Jensen, DOGM
Beth Ericksen, DOGM

P:\GROUPS\MINERALS\WP\M003-BoxElder\M0030026-Rosebud\final\01132006bond-escal.doc

SURETY ESTIMATE UPDATE

Star Stone Quarries, Inc.

12-Jan-06

Rosebud Mine

FILE # M/003/026

Box Elder County

Prepared by Utah Division of Oil, Gas & Mining

Last Update 7-Jun-00

DESCRIPTION:

-Previous reclamation surety estimate was \$58928 in year 2000 dollars

-Reclamation Estimate base amount calculated in 2000-\$

-This update adjusts the surety amount for escalation only.

An allowance has been made for 0.2 acres for an existing road that will not be reclaimed. (12' width)
On-site dump material used to re-slope pit face in calculations. Distance of material movement requires the use of both a dozer and a front end loader or a loader/truck combination. Dozer/loader combination is used for the purpose of this calculation.

-Escalation factors through 2004 are actual Means Historical Cost Indices

-Total disturbed area = 9.5 ACRES

CALCULATIONS	YR	ESCAL FACTOR	BOND AMOUNT
$F = P(1 + i)^n$			
F = Future Sum	1996	0.0242	\$0.00
P = Present Sum	1997	0.0236	\$0.00
i = Escalation Factor	1998	0.0502	\$0.00
n = number of periods	1999	0.0191	\$0.00
	2000	0.0244	\$58,928
Three Yr Average =1.20%	2001	0.0421	\$61,409
Used to Project 5 Yrs	2002	0.0171	\$62,459
From the Year 2005	2003	0.0840	\$67,706
	2004	0.0200	\$69,060
	2005	0.0120	\$69,888
	2006	0.0120	\$70,727
	2007	0.0120	\$71,576
	2008	0.0120	\$72,435
	2009	0.0120	\$73,304
	2010	0.0120	\$74,183
	2011	0.0120	\$75,074

Updated Surety Amount Rounded (2011-\$) \$75,100

** Average cost per acre = 7902 (\$/ACRE)